

**SECRET**

20

25X1

OCI No. 0496/63

CENTRAL INTELLIGENCE AGENCY  
Office of Current Intelligence  
19 February 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: French Policy Outlook

1. The adverse international reaction to De Gaulle's 14 January press conference, and particularly to his veto of British membership in the EEC, has had no apparent effect on his resolution or his views. There is no indication that he has backed off from his immediate objectives or decided to defer new initiatives in order to let the dust settle. He appears to have judged accurately that the EEC is sufficiently cohesive to stand the strain of his veto of British membership. He appears also to have foreseen that in most cases proponents of retaliatory measures would recognize that their own countries would probably suffer more than France by the adoption of such measures. While he may concentrate for the moment on gathering support for his stand and mollifying his EEC partners, the possibility cannot be ruled out that De Gaulle may try to sustain the momentum of recent events by initiating new moves without delay.

2. With several of his trumps now on the table, De Gaulle may in fact attract more European support than he had before. Public opinion in France, and to a lesser extent throughout Western Europe, is increasingly receptive to his thesis that Europe, with its growing economic strength, ought to wield political and military influence comparable to, and independent of, the US. De Gaulle is now trying to bring French opinion into line with his policy, partly by means of playing up evidence of alleged US intervention in European affairs.

3. De Gaulle does not discount the power of those opposed to his goals and he will be careful to avoid committing France to new initiatives which

State Dept. review completed

**SECRET**

25X1

~~SECRET~~

25X1

would outstrip its capabilities. In any long-range series of moves aimed at a particular objective that he undertakes, he can be expected to have a secure fall-back position. In a given situation, however, he may feel that he has greater freedom of action than may be apparent to the US, partly because of his analysis of France's strategic position. In his view, France's international role is enhanced because of the nuclear stand-off he postulates between the US and the Soviet Union, and because of his confidence in his own ability to foretell the future.

4. Some areas in which France's policies or actions may conflict with US interests are cited below. French initiatives are already apparent in some of these, and De Gaulle may decide to move in others without much prior warning.

#### East-West Relations

5. There is little likelihood that De Gaulle has taken or intends to take in the near future any major initiative with the Soviet bloc to neutralize central Europe. The arguments supporting this judgment

[redacted] have been reinforced [redacted] by French reactions to the Soviet notes of 29 January and 5 February, including, for example, the cancellation of the showing of the film of Khrushchev especially prepared for French television.

25X1

25X1

25X1

6. Nevertheless the wide publicity given, often with De Gaulle's blessing, to his concept of a "Europe from the Atlantic to the Urals" would be a logical first step in a campaign to readjust public thinking toward a more independent Europe and may presage some minor steps toward improved French relations with the bloc. There is no hard evidence on this point, but moves to improve relations with the East European satellites would not be wholly surprising. An 8 February article in "Le Monde" written by a long-time associate of De Gaulle calls the East European satellites "unassimilated economically and politically, and a heavy drain on Russian resources and protection." Poland, where De Gaulle served for some years, has long

~~SECRET~~

25X1

~~SECRET~~

25X1

held a favored place in his heart and could be the primary recipient of French offers of increased cultural exchanges, trade, scientific cooperation, etc. If a campaign to "undo Yalta" is directed at the Satellites it will certainly be cautious, and the political aspects will be publicized only as elements in a logical, long-term development.

7. De Gaulle would like to return Khrushchev's 1960 visit to France and he probably will go to the Soviet Union before he leaves office, but Paris denies that such a trip is planned and De Gaulle's known schedule seems to leave no time for a visit this year.

8. With respect to economic relations, little change seems likely. The recently signed trade agreement extension makes unlikely any sharp increase in imports from the USSR in 1963, although the major limitation in this regard is probably Moscow's lack of exports acceptable to France.

9. There is no indication of a change in French policy toward Communist China. De Gaulle sees no advantage for France in recognizing China now, but he accepts as a matter of course that Peiping will eventually have to be dealt with on a great-power basis. France will probably continue to sell grain and industrial goods to China when there appears to be a commercial advantage. Sales terms, however, are not likely to be better than those offered by other Western exporters.

#### European Relations

10. De Gaulle appears unmoved by Continental opposition to his concept of an exclusive, independent and French-dominated Europe. His brutal rebuff to the British has disconcerted his European allies. Some observers have predicted that he will try for a time to lessen their indignation. He may also believe that their weakness has been demonstrated and that he can push ahead. This could mean that when he has decided to proceed with a given policy for Europe, he will feel no special inhibitions about wounding the feelings of his partners. At the least, he will probably seek to extend the special Franco-German relationships including renewed pressure on West Germany to shift arms purchases from the US to France.

~~SECRET~~

25X1

~~SECRET~~

25X1

11. As part of a campaign to consolidate his concept of Europe, De Gaulle may also press for full implementation of the EEC tariff reduction scheduled for 1 July. This tariff adjustment lowers by about 30% the tariffs within the EEC and, although it would also include steps toward a common external tariff, its primary effect would be to make it more difficult for non-EEC members, e.g., the US and the UK, to compete with EEC producers within the market.

12. De Gaulle will probably seek support for his concept in the European states on the periphery of the EEC by offering to facilitate their association with the EEC. De Gaulle has already discussed associate status with Sweden and Denmark; Spain will probably be drawn at least into closer bilateral ties; Austria is a likely candidate for associate status in the EEC; and Greece, already an associate, has been singled out for personal attention by De Gaulle, who is scheduled to visit Athens in mid-May.

13. The apparent French interest in fusing the executives of the EEC, EURATOM, and the Coal-Steel Community may indicate that new French initiatives within the Six may be concentrated in areas which the other five countries would find difficult to oppose. De Gaulle has in the past opposed such a fusion as concentrating too much power in the hands of a single group of "European bureaucrats," but he may now feel that his own position is strong enough to control a single executive and that the Continental bloc would be drawn more tightly together by such a move.

14. Recent press reports have indicated that De Gaulle is thinking of moving ahead to implement his 14 January press conference reference to the desirability of associate status for Britain in the EEC. Various proposals by other members of the EEC which involve associate status as an interim measure with a timetable set for full British membership are likely to receive a hard look from De Gaulle and it is doubtful he would accept British participation in political arrangements either directly or through WEU.

15. Nevertheless, associate status for Britain could serve several French ends. It would assuage the feelings of the other five after his veto of full UK membership. It would not disrupt tightening of

~~SECRET~~

25X1

~~SECRET~~

25X1

the Continental bloc. It would face the US with a dilemma. On one hand, the US could oppose the formation of a free trade area on penalty of accepting the blame for a continued division of Europe. On the other hand, the US would have the equally unappealing choice of accepting the prospect of a European-wide preferential trading system, interlocked with associated Africans and perhaps portions of the Commonwealth, with all the sacrifices this would entail for US economic interests.

#### Economic Relations with the US

16. France is in good position to slow down implementation of the Trade Expansion Act. Over the past year French officials have welcomed the TEA as a step toward free international trade. They have stressed, however, that trade limitations are not eliminated by reducing tariffs alone, and they cite the need to go slow until EEC industry can compete on a more nearly equal basis with that of the US. French negotiators will probably slow down tariff reduction schedules for industrial products and maintain strong opposition to moves to ease the way for US agricultural exports.

17. France has steadily built a large reserve of gold and convertible currencies (\$3.6 billion total, of which \$2.5 billion was in gold, at the end of 1962), and a conversion of the currencies to gold would be a serious drain on US gold holdings. French officials are well aware of the importance of a sound dollar, however, and it is difficult to believe France intends either by itself or with its EEC partners to convert all of its reserves to gold. Previous limited dollar sales have been in keeping with France's policy of maintaining about 75% of its reserves in gold.

18. Attention has recently been focused on the extent of US investment in France. Although US investments in France are comparatively low, both government and press have called these "a Trojan horse" designed to maintain a strong American voice in European developments. The government may use this issue in an effort to mobilize public opinion against American domination. It will at least examine future American investment proposals carefully and may attempt to discourage some by entangling the application in administrative procedures.

~~SECRET~~

25X1

~~SECRET~~

25X1

NATO

19. De Gaulle has publicly expressed his belief that the Western alliance must be preserved, at least for the present, presumably until France's nuclear strike force is fully operational. He makes a distinction, however, between the alliance and "a certain military organization called NATO." It is US leadership in NATO and US domination of NATO's nuclear forces that distress him.

20. Ambassador Finletter's telegrams [redacted]

25X1

[redacted] detailed many technical threats within French capabilities. His major points include: France could block a multilateral nuclear force (MLF) in NATO by threatening to withdraw from NATO if the NAC recognizes the MLF, or by trying to woo other NATO members such as Germany away from support of the MLF. If the MLF is established despite French opposition, and arrangements for MLF's relation to NATO have to be worked out, France could disrupt command arrangements and military requirements in the NATO standing group and military committee.

21. France could further restrict the assignment of French forces to NATO, refuse to support or participate in NATO military exercises, limit large-scale movements over French territory, and impose prohibitive costs for use of French facilities.

22. French nationals could slow down administrative processes, obstruct research, development and production, and logistics projects, or refuse to approve authorization of expenditures for key NATO activities, particularly the new infrastructure starting in 1965, under which France would no longer be a net beneficiary. Finally, France could substantially reduce the privileges and immunities now enjoyed by NATO delegations and the international staff.

23. Specific action in NATO directed toward the US could take several forms. France could make it difficult for the US to obtain technical information helpful to US technological programs, refuse to adopt US equipment in NATO projects, oppose inclusion in future infrastructure programs of projects formerly financed by the US, take obstructive attitude in current military purchase negotiations, refuse to fill key NATO positions with US nationals, and cause difficulties in the functioning of the status-of-forces agreement.

~~SECRET~~

25X1

~~SECRET~~

25X1

24. It is unlikely that France will follow such a course of obstruction in NATO at least in the immediate future. In the first place, it could have a seriously damaging effect on all of the members of the alliance. France especially would be unwilling to damage its chance for a French-led Continental bloc by destroying the alliance on which they feel their security still depends.

25. It is probable that France will continue to make unilateral military moves without consultation with its NATO partners. Two recent examples of such unilateral action are the cutback in French army strength from roughly 750,000 to 465,000 during the last nine months of 1962, and the contemplated shift of most heavy units of the French Mediterranean Squadron to the Atlantic.

26. In the realm of bilateral action with the US, France will probably look carefully at any US requests for cooperation and will probably refuse to cooperate in projects or activities which do not entail specific advantages for France. Two recent US proposals--for the establishment of an International Institute of Science and for the use of France's Kerguelen Islands as a tracking facility for a US transit navigational satellite--were turned down as France saw no net gain for itself.

#### Middle East

27. France has recently renewed diplomatic relations with most of the Arab countries except the UAR and appears to be stepping up its activity in the Middle East.

28. Foreign Ministry officials admit that the Elysee Palace is receptive to Middle Eastern overtures. French activity is likely to take the form of increasing investment and technical assistance, efforts to expand traditional cultural ties, increasing contacts on both official and unofficial levels, and efforts to develop an export market. So long as France retains its close military ties with Israel, however, its ability to play a dominant role in the Middle East will be limited. In any event, De Gaulle probably envisages the extension of French influence in that area as a function of France's relations with the Maghreb.

~~SECRET~~

25X1

~~SECRET~~

25X1

### Africa

29. In the wake of De Gaulle's recent moves in Europe, there is increasing speculation that he may now attempt some spectacular move to knit much of Africa into a common front under progressively stronger French influence.

25X1

25X1

30. In view of his hope to develop a "Eurafrican" power bloc under French leadership, it is probable that his strategy will be to attempt to spread France's influence beyond its already extensive limits. The ways open to him to develop his designs even in the areas now responsive to Paris are limited, however, particularly by political instability in Africa.

31. French influence derives in large part from the extensive dependence of most of these states on Paris for financial and defense support. In recent years, France has allocated 2.5 to 3 percent of its GNP to assistance programs in less developed areas--the highest percentage of any country in the world. Total French aid in 1961 amounted to \$1.25 billion, with more than three quarters of this going to the former French African territories.

### Southeast Asia

32. Policy initiatives to support De Gaulle's belief that Southeast Asia is too close to the Communist Chinese power center to be pro-Western in its international stance are already underway. In Laos De Gaulle can be expected to continue to favor the Kong Le forces in the extension of military training and to be extremely cautious in pushing Souvanna to adopt pro-West policies. De Gaulle's relations with Sihanouk have shown a willingness on the French part to take unilateral initiatives even though they run counter to US desires. De Gaulle will probably continue to be more forthcoming in answer to Sihanouk's neutrality proposals than is the US, and France probably will not be willing to compromise its position greatly in order to achieve an agreed Western position. Despite French protestations that Vietnam ought not also be neutralized, French relations with the Diem government will probably continue strained, and covert French support of anti-Diem elements cannot be ruled out.

~~SECRET~~

25X1



~~SECRET~~

25X1

France will probably not withdraw from SEATO which offers De Gaulle an opportunity to bring more direct influence to bear on US policy decisions than he would have if he left the organization.

Latin America

33. There are indications that France may be planning on expanding the relatively limited economic and cultural role it has played heretofore in Latin America. It is unlikely, however, that De Gaulle would weaken other programs in areas of more direct interest to France in order to make the financial outlays consonant with a major role in Latin America.

~~SECRET~~

25X1